

Message Text

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ACTION IO-14

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-10 ISO-00
AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-08
FRB-03 H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00
NSC-05 PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01
TRSE-00 SP-02 SOE-02 OMB-01 DOE-11 SSO-00 USIE-00
INRE-00 OIC-02 /154 W

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TO SECSTATE WASHDC IMMEDIATE 6726

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FOR AID/FFP; PASS ELECTRONICALLY AGRICULTURE FOR OGSM
AND OGC; FOR EB/OF

E.O. 11652: N/A

TAGS: ETRD EAGR OCON

SUBJECT: FOOD AID CONVENTION

1. SUMMARY: CHAIRMAN J. E. MULIRO (KENYA) HELD
MEETINGS OF THE FOOD AID COMMITTEE FEB. 23, 27, 28,
MARCH 1 AND 2. WORK PROGRESSED WITH LITTLE CONTROVERSY
THROUGH THE FIRST READING OF THE DRAFT FOOD AID CON-
VENTION, 1978 (FAC), INCLUDING ADMINISTRATIVE PROVISIONS.
DONORS HAVE NOT YET COMMENTED ON SPECIFIC LEVELS OF
CONTRIBUTIONS, THOUGH ALL, EXCEPT EC AND JAPAN, HAVE
STATED WILLINGNESS TO INCREASE. DONORS HAVE EMPHASIZED
IMPORTANCE OF EXPANDED MEMBERSHIP IN FAC. END SUMMARY.

2. THE FIRST MEETING OF THE COMMITTEE WAS DEVOTED
LARGELY TO OPENING STATEMENTS BY DONOR AND RECIPIENT
COUNTRIES. DONORS GENERALLY EXPRESSED SUPPORT FOR
INCREASING FOOD AID COMMITMENTS TO 10 MILLION TONS
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THOUGH US WAS ONLY MEMBER WILLING TO ACCEPT 10 M TON
FIGURE WITHOUT QUALIFICATION THAT ATTAINMENT DEPENDED
ON NEW DONORS BECOMING MEMBERS. NORWAY ANNOUNCED
INTENTION TO JOIN.

3. LDC'S EXPRESSED ENCOURAGEMENT AT DONOR STATEMENTS.
EGYPT SAID 10 MILLION TON TARGET SHOULD BE A MINIMUM

COMMITMENT. KENYA SAID PRODUCTION LEVELS OF DEVELOPING COUNTRIES MUST BE INCREASED SO THAT THEY CAN BECOME MORE SELF-SUFFICIENT, POSSIBLY EXPORT TO NEIGHBORING COUNTRIES AND RELY LESS ON FOOD AID. INDIA SUPPORTED KENYAN STATEMENT. KENYA ALSO SUPPORTED WIDER PRODUCTION COVERAGE AND AN EXAMINATION OF ISSUES LIKE TRANSPORTATION COSTS.

4. US STATEMENT (SAYLOR) DISCUSSED FAC IN CONTEXT OF IMPROVEMENT OF WORLD FOOD SECURITY. MAJOR POINTS WERE: FOOD SECURITY REQUIRED 3 POINT STRATEGY - (1) INCREASED FOOD PRODUCTION THROUGH BILATERAL AND MULTILATERAL ASSISTANCE, (2) MARKET STABILITY AND REDUCTION OF TRADE BARRIERS AND (3) IMPROVED MECHANISM FOR FOOD AID. US SUPPORTED 10 M TON OBJECTIVE AND WOULD CONTRIBUTE, ALONG WITH OTHER COUNTRIES, ITS FULL SHARE OF COMMITMENT.

5. ARTICLE BY ARTICLE DISCUSSION OF DRAFT FAC FOLLOWED STATEMENTS DURING SUBSEQUENT MEETINGS.

6. ARTICLE I: ALT.(I) DELETED. IN ALT.(II) EEC PROPOSED AMENDMENT AD REFERENDUM "ENSURING THROUGH A JOINT EFFORT BY THE INTERNATIONAL COMMUNITY AS A WHOLE." "AS A WHOLE" WAS LATER DELETED, BUT APPROVAL OF VERSION AWAITS COUNTRY COMMITMENTS UNDER ARTICLE III(3), WITH EC INSISTING ON BRACKETING "SUITABLE FOR HUMAN CON-

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SUMPTION."

7. ARTICLE II: ACCEPTED WITH NO CHANGE.

8. ARTICLE III: (1): SEVERAL DONORS SUPPORT WIDER PRODUCT COVERAGE TO INCLUDE RICE (EC, JAPAN), AND OTHER AGRICULTURAL PRODUCTS (SWITZERLAND FOR DAIRY AND NORWAY FOR FISH PRODUCTS). ARGENTINA, US AND CANADA SUPPORTED WHEAT AND OTHER GRAINS OR DERIVED PRODUCTS. AUSTRALIA ASKED THAT WHEAT FLOUR BE SPECIFIED AND AGREED TO INCLUDE RICE. EC UNSUCCESSFULLY SOUGHT TO ELIMINATE WORDS THAT PRODUCTS BE "SUITABLE FOR HUMAN CONSUMPTION" ON GROUNDS THAT THIS WOULD PROHIBIT FEED GRAIN AND EXPORTERS AND LDC'S STRONGLY OPPOSED. EC ALSO PROPOSED FOLLOWING LANGUAGE WHICH IS BRACKETED: "AID IN THE FORM OF DERIVED PRODUCTS, IF TWICE PROCESSED, MAY BE SUPPLIED IN APPROPRIATE CASES ONLY IF: (A) THE QUANTITY INVOLVED IS SMALL; (B) IT IS DESIRED BY THE RECIPIENT; AND IT DOES NOT PREJUDICE THE DEVELOPMENT OF THE RECIPIENT COUNTRY'S OWN PROCESSING INDUSTRIES." THIS PROPOSAL HAS BECOME KNOWN AS THE EC'S "SPAGHETTI AMENDMENT" AND MAY BE AN ATTEMPT BY COMMUNITY TO

INFLATE ITS CONTRIBUTION BY COUNTING VALUE ADDED OF
PROCESSED GOODS.

9. ARTICLE III: (2): ALTERNATIVE (I) ACCEPTED WITH
"MAXIMUM EXTENT POSSIBLE" LANGUAGE.

10. ARTICLE III (4): ACCEPTED WITH "MINIMUM" IN-
CLUDED.

11. ARTICLE III: (5): ONLY JAPAN AND SWITZERLAND
OPPOSED PREVAILING MARKET PRICE VALUATION. AUSTRALIAN
PROPOSAL FOR LANGUAGE IN RULES OF PROCEDURE WOULD
INTERPRET PREVAILING MARKET PRICE AS "AVERAGE OF THE
PRICE INDICATOR FOR WHEAT AS COMPUTED UNDER ARTICLE 3:
(6) OF THE IWA, 1978 OVER THE 3 MONTH PERIOD PRECEDING
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THE MONTH OF THE DATE OF THE CONTRIBUTION."

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INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-10 ISO-00
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12. ARTICLE III: (6): EC PROPOSED AMENDMENT BASED ON

1977 WFC COMMUNIQUE TO ADD AT END OF PARAGRAPH "...
ESPECIALLY TO DEVELOPING COUNTRIES IN SERIOUS ECONOMIC
DIFFICULTIES. FOOD AID PROVIDED TO THE LEAST DEVELOPED
COUNTRIES SHOULD BE ESSENTIALLY IN THE FORM OF GIFTS."
DONORS ACCEPTED THIS BUT LDC'S STILL ENGAGED IN WRANGLE
OVER PRIORITY TO LEAST DEVELOPED AND MEANING OF "SERIOUS
ECONOMIC DIFFICULTIES" WITH RESPECT TO OTHER LDC'S.
SPECIFICATION OF TERMS IN SUBPARAS (A), (B) AND (C) ARE
UNCHANGED FROM DRAFT TEXT.

13. ARTICLE III (7): ARGENTINA EVENTUALLY INDICATED
ACCEPTANCE SECOND SENTENCE WORDED "...NOT EXCLUDE,
HOWEVER, THE PURCHASE OF GRAIN FROM A DEVELOPING
EXPORTING COUNTRY NOT A MEMBER..." AS TRADE OFF FOR
ACCEPTABLE LANGUAGE ON III (8).

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14. ARTICLE III (8): ARGENTINA IS INSISTING ON PHRASE
"DEVELOPING EXPORTING MEMBERS" IN FIRST SENTENCE.
PERCENTAGE AND QUANTITY FIGURES AWAITING COMMITMENTS
UNDER SECTION III (3).

15. ARTICLE III: (9): FOLLOWING EC PROPOSED TEXT FOR
SECOND SENTENCE IS BRACKETED "IF, HOWEVER TRANSPORT
COSTS BEYOND THE FOB OR FAS STAGE ARE BORNE BY DONORS
THESE SHOULD BE EVALUATED IN ACCORDANCE WITH PARA. 5 OF
THIS ARTICLE AND BE REGARDED AS CASH CONTRIBUTIONS
UNDER THE CONVENTION OVER AND ABOVE THE MINIMUM ANNUAL
AMOUNTS SPECIFIED IN PARA. 3 OF THIS ARTICLE."

16. DELEGATION WOULD APPRECIATE COMMENTS PARTICULARLY
ON PROPOSED EC AMENDMENTS MENTIONED PARAS 6, 8 AND 15
ABOVE. SORENSON

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Message Attributes

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Subject: FOOD AID CONVENTION
TAGS: ETRD, EAGR, OCON, FAC, (MULIRO, J E)
To: STATE
Type: TE
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